

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2495**

January 21, 2010

**SUMMARY OF BILL:** Changes the rate structure for determining inheritance tax from a variable tax rate to a fixed tax rate of six percent levied on the net taxable estate of decedents dying on or after January 1, 2011.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$12,021,000/FY10-11  
\$24,042,000/FY11-12 and Subsequent Years**

**Assumptions:**

- According to the Department of Revenue, changing the rate structure for inheritance tax as proposed would reduce collections by approximately 30 percent.
- Actual accrued revenue derived from inheritance tax in FY08-09 was \$80,140,000.
- Inheritance tax collections remain constant in subsequent years.
- The decrease of inheritance tax revenue is estimated to be \$24,042,000 per year ( $\$80,140,000 \times 30\% = \$24,042,000$ ).
- Inheritance tax collections are apportioned 100 percent to the General Fund.
- The first-year impact is estimated to be 50 percent of the first full-year impact due to the tax rate change applying only to decedents dying on or after January 1, 2011.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

/rnc